



ENTERED
07/29/2015

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION

In re:	§	CHAPTER 11
	§	
ESCO MARINE, INC. ¹	§	CASE NO. 15-20107
	§	
Debtors.	§	(Joint Administration)

**AGREED ORDER GRANTING APPLICATION FOR APPROVAL OF THE
EMPLOYMENT OF CHATSWORTH SECURITIES, LLC AS INVESTMENT
BANKERS FOR DEBTORS NUNC PRO TUNC AS OF MAY 26, 2015**

CAME ON FOR CONSIDERATION the *Application for Approval of the Employment of Chatsworth Securities LLC as Investment Bankers for the Debtors Nunc Pro Tunc as of May 26, 2015* (the "**Application**") and the *The Official Committee of Unsecured Creditors' Limited Objection* to same.

The Court finds that (i) it has jurisdiction over the matters raised in the Application pursuant to 28 U.S.C. §§ 157 and 1334; (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) the relief requested in the Application is in the best interests of the Debtor-in-Possession, the estate, and its creditors; (iv) Chatsworth Securities, LLC ("**Chatsworth**") is a "disinterested person" as that term is defined under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code; (v) proper and adequate notice of the Application has been given and no other or further notice is necessary; (vi) all objections to the Application have been resolved by this Order;; and (vii) upon the record herein, and after due

¹The Debtors also include ESCO Metals, LLC; ESCO Shredding, LLC; Texas Best Recycling, LLC, and Texas Best Equipment, LLC. The corporate address for all debtors is 16200 Joe Garza Sr., Road, Brownsville, Texas 72521. Joint administration under the above style and case number has been ordered by the United States Bankruptcy Court on March 10, 2015. The use of the term "Debtor" shall refer to all Debtors.

deliberation thereon, good and sufficient cause exists for the granting of the relief as set forth herein.

IT IS, THEREFORE, ORDERED that the Application is **GRANTED** ;

IT IS FURTHER ORDERED that pursuant to sections 327(a) and 328 of the Bankruptcy Code, the Debtor-in-Possession is authorized to employ Chatsworth Securities, LLC as Investment Bankers for the Debtors in accordance with and on the terms described in the Application and to perform the services described therein modified as follows:

- Chatsworth shall not be authorized to perform any work which has been authorized to be performed by Duff & Phelps Canada Restructuring, Inc. as Financial Analysts to the Debtor and parties-in-interest may object and ask for an adjustment to the extent any work performed is duplicative;
- Chatsworth's reporting requirements shall be expanded to include: (i) providing the Debtor and other parties-in-interest a transaction strategy intended to maximize the value of the Debtor within seven (7) days from the entry of this order and a deadline to present an offer to be submitted to the Court; (ii) providing the Debtor and other parties-in-interest a copy of the Confidential Memorandum described in its letter agreement dated June 14, 2015 ("Letter Agreement") it has prepared and is using to market the Debtor's assets within fourteen (14) days of the entry of this order; (ii) providing the Debtor and other parties-in-interest on a weekly basis a summary of the work it has performed on the tasks set forth in the Letter Agreement as well as an updated contact list;
- Any offer submitted by Chatsworth to the Debtor and/or the Court shall delineate the purchase price of which segment of the Debtor's assets is contemplated purchasing;
- The fee schedule in the Application shall be modified to include the following:

In the event that Marcella Molinari Enterprises, LLC (or any company or organization associated with Peter Molinari) or any other purchaser referred by a party other than Chatsworth which is not on Chatsworth's "contact list" provides an offer in the amount of at least \$25.0 million cash plus proof of its ability to fund, and the Court approves such offer, then Chatsworth agrees to modify the Fees in this section as follows: (a) a non-refundable monthly Retainer of \$25,000, up to a period of five (5) months, with the first month payable upon signing of this Engagement Letter, and (b) a Transaction Fee equal to \$50,000 plus, for each million dollars of the purchase price in excess of \$25.0 million, an additional \$50,000; provided that any such sale is subject to Callidus' right to credit bid and/or object to any proposed sale; and provided further that, the compensation

structure on a Callidus credit bid or a Callidus provided winning bidder as set forth below shall control in the case of any conflict with this paragraph.

IT IS FURTHER ORDERED that if any supplemental declarations or affidavits are filed and served after the entry of this Order, absent any objections filed within twenty-one (21) days after the filing and service of such supplemental declarations or affidavits, Chatsworth's employment shall continue as authorized pursuant to this Order;

IT IS FURTHER ORDERED that pursuant to the Agreement, compensation to Chatsworth Securities, LLC shall be reviewed by the Court in accordance with section 330 of the Bankruptcy Code;

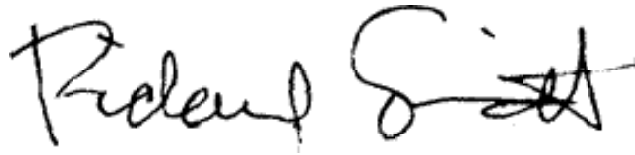
IT IS FURTHER ORDERED that pursuant to the Agreement, in the event that Callidus Capital Corporation or its designee is the winning bidder pursuant to a credit bid or Callidus Capital Corporation provides the stalking horse that submits the winning bid related to a Transaction, in lieu of the Transaction Fee, such winning bidder shall be required to pay Chatsworth in cash on the effective date of the Transaction a fee of \$250,000 less a credit for the Retainer previously paid;

IT IS FURTHER ORDERED that the Application shall be effective *nunc pro tunc* to May 26, 2015;

IT IS FURTHER ORDERED that, to the extent the proposed Contract with Chatsworth conflicts with this Order, this Order shall prevail; and

IT IS FURTHER ORDERED that the Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

It is so **ORDERED**.



Dated: July 29, 2015

HONORABLE RICHARD S. SCHMIDT
UNITED STATES BANKRUPTCY JUDGE

AGREED AND APPROVED BY:

<p><u>/s/ R. Glen Ayers, Jr.</u> R. Glen Ayers, Jr. State Bar No. 01467500 David S. Gragg State Bar No. 08253300 Natalie F. Wilson State Bar No. 24076779</p> <p>LANGLEY & BANACK, INC. 745 E. Mulberry, Ste 900 San Antonio, Texas 78212 Tel: (210) 736-6600 Facsimile: (210) 735-6889</p> <p>ATTORNEYS FOR THE DEBTORS</p>	<p><u>/s/ Ralph DiFlore</u> Ralph DiFlore Senior Managing Director Chatsworth Securities, LLC 95 E Putnam Ave # 2 Greenwich, CT 06830</p> <p>INVESTMENT BANKERS TO THE DEBTOR</p>
<p><u>By: /s/ Stephen W. Sather (with permission)</u> Barbara M. Barron State Bar No. 01817300 Stephen W. Sather State Bar No. 17657520</p> <p>BARRON & NEWBURGER, P.C. 1212 Guadalupe Street, Suite 104 Austin, Texas 78701 Tel: (512) 476-9103 Fax: (512) 476-9253</p> <p>ATTORNEYS FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS</p>	<p><u>/s/ Nathaniel Peter Holzer (with permission)</u> Nathaniel Peter Holzer Texas Bar No. 00793971</p> <p>JORDAN, HYDEN, WOMBLE, CULBERTH & HOLZER, PC 500 North Shoreline Blvd., Suite 900 Corpus Christi, TX 78401-0341 Telephone: (361) 884-5678 Facsimile: (361) 888-5555 pholzer@jhwclaw.com</p> <p>ATTORNEYS FOR CALLIDUS CAPITAL CORPORATION</p>